THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) (a) Detailed examination by State Bank of India (SBI) of 47 accounts with an aggregate value of US $ 25 million on the books of the New York Branch as on August; 1991; revealed a likely short-fall of US $ 10.50 million. However; many of these accounts relate to an earlier period.

(b) Reserve Bank of India (RBI) have reported that their Management Audit Report on SBI contains critical observations on the quality of loans at New York Branch only.

(c) to (e) An analysis of these problem loans Shows that in the majority of the cases, the reasons for the accounts turning problematic were extraneous; such as fall in real-estate prices. Accordingly to SBI the spot audit report has not indicated any mala-fides on the part of the then Chief Manager and Chief Executive Officer of their New York Branch.

Multiplicity of Development Financial Insturctions

524. SHRI P. UPENDRA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there is a multipilicity of developmental financial institutions;

(b) whether this is leading to delays in the financing of deserving projects; and

(c) what steps Government are taking to remedy the situation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AMED). (a) to (c) Over the years, an integrated structure of development financial institutions both at all-India level and State level has emerged to serve the needs of large, medium and small sector. All India Financial Institutions viz. Industrial Development Bank of India (IDBI), Industrial Credit and Investment Corporation of India (ICICI), Industrial Finance Corporation of India (IFCI), Industrial Reconstruction Bank of India (IRBI) meet the financial needs of medium and large industrial projects. An inter-institutional mechanism has been evolved by IDBI in participation with the all-India Institution to process the cases involing joint financing On deceipt of complete information, the financial assistance is sanctioned expeditiously. At the all-India level Small Industries Development Bank of India (SIDBI) was also set up as a wholly-owned subsidiary of IDBI for promotion and financing of small scale industry. SIDBI provides refinance assistance to State level institutions and banks. State Financial Corporations were set up to meet the credit needs of small scale industries. State Industrial Devolopment Corporations were set up to promote large and medium scale industries in participation with private promotors.

Similar incentives for India and Foreign Investors

525. SHRI P. UPENDRA: Will the Minister of FINANCE be pleased to state:

(a) whether the Indian industrialists and entrepreneurs have requested Government for similar concessions and incentives as provided to foreign investors; and

(b) what is the reaction of Government to this demand?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) A group of industrialists met the 1993. In their representation the Finance Minister on 10th November 1993. In their representation on

group has inter alia pointed out that they are in full agreement with trade liberalisation policies of the Government and that Indian enterprisrs be strengthened to enable them ro compete effectively in international markets and with foreign companies.

Suggesions made by the Group include:

(i) Restrictions imposed by RBI on banks on lending against pledge of shares be removed.

(ii) Romoval of constraints imposed by Sections 370 and 372 of the Companies Act;

(iii) Indian Companies be allowed to issue non voting Shares.

(iv) Reduction of share holding of the financial institutions in the Indian Companies;

(v) Access to low-cost funds abroad for investment in Indian companies; and

(vi) Introduction of measures for speeder margers and acquisitions.

(b) The sugestions made by the Group and other associations and individuals are examined by the concerned Ministries|agencies of the Government an these suggestions are kept in view while formulating Government's economic policy:

Tardy Utilisation of Asian Devrlopment Bank Loan

526. SHRI P. UPENDRA: Will the Minister of FINANCE bs pleased to state:

(a) whether the Chairman of the Asian Development Bank has complained about the tardy utilisation of ADB loan by India.

(b) what are the reasons for the poor disbursement of the aid; and

(c) what steps Government are taking for prompt utilisation of the aid?

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) The Asian Development Bank Mission led by the Vice-President on projects quality had occasion to discuss the utilisation of project aid given to India. The total loan for which agreements have been signed amounts to US dollar 4179.6 million. Against this utilisation till September, 1993 is Us dollar 135.9 million leaving a balance amount of US dollar 2820.7 million. The main reasons for inadequate utilisation are the delay in finalisation of contracts and procurement of goods, availability of counterpart funds and changes in the scope of some of the projects; this has affected the implementation schedules of some of the projects.

(c) Measures for improving the utilisation of assistance have been under discussion with the multilateral agencies including ADB. The Government have also taken steps to improve the utilisation of externally aided projects. A project monitoring unit has also been set up in the Department of Economic Affairs to monitor the utilisation of these projects. The Government have also constituted a Committee, namely, "Task Force on standard bidding documents" whose report is awaited

Increase in debt service in proportion to export

327. SHRI N. E. BALARAM:
SHRI CHATURANAN MISHRA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the debt-service as a proportion of exports has jumped from 9.3 per cent in 1980 to 30.7 percent at present; and

(b) if so, the details and Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE